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The Imperative of Insurance Companies and the Industry's Development in Nigeria

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ABSTRACT

The purpose of this study was to investigate the Imperative of Insurance Companies and the Industries Development in Nigerian. To carry out the study effectively, we studied ten Insurance Companies in Nigeria, their trends in the structure of insurance companies, the structure and growth in the companies, type of Ownership and the paid-up capital of the insurance Industry, Premium Income and the number of Insurance Companies, Assets of the Insurance Company and the type of Business undertaken, and the investment patterns of the Insurance companies, which serve as the measures of variables in the study. Questionnaires were designed to obtain the primary data for the study. The Analysis of Variance (ANOVA), Statistical Techniques were used to analyse and test the significance of data collected. The results of the analysis revealed that there is a positive difference between type of ownership and paid-up capital of the Insurance Companies; that a significant difference exists between the Premium Income and the number of Insurance Companies in Nigeria; that the assets of the Insurance Companies and the type of business undertaken by them have no significant differences and finally, there is also a significant difference in the Investment patterns and the type of business undertaken by the Insurance Industry. The implication of the study led to the recommendation that the Government and society should design policies and programmes that could stem the evil practices prevalent in the Insurance Companies; as it does have a favourable impact on the Industry's development in Nigeria.

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INTRODUCTION

Development in the insurance industry in Nigeria in the 90s showed that the industry is expanding. The paid-up capital in the sector recorded an increase, and similarly, both the income and expenditure profiles in the industry increased. However, the survey, showed a change in expenditure pattern as the indigenous companies' expenses rose substantially, while that of the Joint Venture companies declined. In the life insurance companies, other miscellaneous expenses escalated, while in the non-life sub-sector, management expenses rose drastically. The assets of the insurance companies declined by some percentages, while aggregate investment fell especially in1995. After which it rose again as stated by the CBN Statistical Surveys office in CBN Economic and Financial Review (2016). In the same manner, the Nigerian insurance market is a fast developing market. In less than ten years, the gross premium income of the market rose above N20b in 1999. This is a fast growth rate for any insurance market in Africa or indeed, for any Third World Market. At present, the Nigerian market is the largest insurance market in Africa both in terms of market capacity and premium income as given by Irukwu in Nigerian Insurance Year Book (NIYB) (2019).

Furthermore, one of the major roles of the insurance industry is to indemnify the insured should the risk insured against occur. Nevertheless, very frequently many insurance companies do not honour claims thus creating bad images and problems for the industry. Under normal circumstances, insurance industry should be an indispensable source of fund in a vibrant economy. There is also enough provision under the insurance decree for insurance companies to

accumulate enough reserve for investment but yet investment level is low. Also identified is the problem of lack of prompt payment of premium by the insured which negatively affects the performance of the insurance industry. In terms of reinsurance, there is a problem of no exchange of technical information within the insurance industry. Most companies find it difficult to compete in the reinsurance because of lack of experience and financial backing. The problem of delay in remitting premium often times cause cancellation of treaty arrangement for some insurance companies. Furthermore, there also exist the problems of government regulations which limit the scope of operation of reinsurance arrangement. The law is all embracing and requires that share capital of companies which carry out life insurance business shall not be less than N20m and even in the case of general insurance business as quoted in the Budget Speech by Ani (2017).

The world we live in is full of risks and uncertainties as part of everyday life. As individuals or organizations, we are exposed to all sorts of risks and dangers. Nobody is sure or certain as to what might happen to him or her as an individual or to his/her business enterprises at any point in time. There is therefore, an atmosphere of uncertainty surrounding all our activities and these uncertainties constitute risk. Almost every day, we witness major accidents resulting in loss of lives and properties in our homes, factories, offices, roads, air, sea etc. In as much as most of these accidents could be avoided or minimized by other methods, insurance stands as the most veritable mechanism of risk management. Basically, insurance industries are important and key players in the financial system which assumes risk and pool the risks together in consideration for a premium. The indeterminate nature of a likely peril or future loss is a factor which makes insurance firms look for additional protection by investing the premium into various short- and medium-term investments, mostly into both money and the capital market as stated in Nzotta (2019).

From the aforementioned issues, insurance industry has been pointed out as a sector having important role in the economic development of a nation. Obviously, the structure of the insurance industry in Nigeria has undergone certain changes, which has been necessary as a result of the growth of the industry. It is in view of this that this study intends to investigate the imperatives of the insurance companies and the industry's development in Nigeria.

OBJECTIVES OF THE STUDY

The objective of this study is to investigate the imperative of the insurance companies and the development of insurance industry in Nigeria. Specifically, this study intends to determine:

1. To observed the trends in the structure of the insurance companies in the industry's growth in Nigeria
2. To investigate how the structure and growth of the insurance industry have enhanced industry's development in Nigeria.

RESEARCH QUESTIONS

Following the objectives of this study, the following research questions have been organized to give direction to this fact-finding activity.

1. What are the observed trends in the structure of the insurance companies in the industry's growth in Nigeria?
2. How has the structure and growth of the insurance companies enhanced the industry's development in Nigeria?

Based on the objectives of this study, the following hypotheses are postulated and tested.

There is no significant difference between the trends in the structure of the insurance companies and the industry's growth in Nigeria

There is no significant difference between the structure and growth of the insurance companies and the industry's development in Nigeria.

LITERATURE REVIEW

This part focuses on the Conceptual Framework, Theoretical Framework and Empirical Review related to this study.

CONCEPTUAL FRAMEWORK

Concept of Insurance

The term "Insurance" is seen by many people from various viewpoints. Irukwu (2016) defined insurance as a contract whereby a person called an insurer or assurer agrees in consideration for the money paid to him called premium by another person called the assured to indemnify the latter against loss resulting to him on the happening of certain events. From the individual viewpoint, insurance is an "economic device" whereby an individual substitutes a small (certain) cost (the premium) for a large (uncertain) financial law (the contingency insured against) which would exist if it were not for insurance. The society views insurance as "a plan aimed at providing social welfare". From the economic point of view, it is a device for the transfer of some risk to an insurer in return for a premium. The standard legal definition of modern insurance is that it is a contract whereby one party, known as the insurer, undertakes in return for a consideration known as the premium to pay the other, known as the insured, assured or policy holder, a sum of money in the event of the happening of one or

more uncertain events, as stated by Zakariya'u (2017) in Business Times. Given the above definition, its relevance as a cushion in time of disaster, mishap or catastrophe becomes clearer.

Origin of Insurance

The story of insurance dates back through hundreds of years in human history, when communities and groups recognized the dangers or perils around them and made collective effort to help each other bear the burden. Historians believe that modern insurance had its origin in Rome through the activities of Italian trader in connection with their maritime trade. Realizing the potential danger of seafaring and the possibility of loss of ship and cargo, merchants devised a system of bearing the financial burden of their colleagues who suffered losses at sea. Under the arrangement, merchants agreed amongst themselves to contribute certain sums of money to a common fund. The contribution was normally done at the end of voyage by merchants whose goods arrived safely in Port and it is out of this that other merchants whose goods were imperilled got compensated. From Italy, the practice spread to London, through the activities of the Lombard's in the 16th century. There is evidence that life and fire insurance started in London in the 16th and 17th century respectively. Other classes of insurance developed later in the 18th century. In reaction to socio-economic and industrial development that was transforming the business environment (Iyang, 2019), the transformation from the ancient to the modern practice was gradual but steady in view of its significance as a veritable tool of development.

Historically, some form of social insurance existed in Nigeria in the guise of mutual and social schemes which evolved through the existence of the extended family system and social associations such as grades and clan unions. In its simplest form, it was practiced by means of providing cash donations, materials etc to members of the extended family and social associations who suffered mishap. The age grade collected funds at pre-determined intervals in the same way as in industrial life Assurance. The funds are used to assist members who may suffer misfortunes such as death, illness, unemployment etc. These practices however, gave way to modern insurance following changes in the socio-economic and political environment culminating in urban migration as narrated by Zakariya'u (2017).

Origin of Insurance Practice in Nigeria

Specifically, modern insurance was first observed in Nigeria by colonial traders towards the close of the last century to provide financial protection for their business. All underwritings are done at the metropolitan head office. Subsequently, local agent was appointed, culminating in the establishment of a Branch Office of the Royal Exchange Assurance by 1921 in Lagos. The UAC formerly known as the Royal Niger Company established an agency with Northern Assurance in 1930 which later became the United Nigerian Insurance Company (UNIC) discussed by Nzotta (2019). In 1949, the Norwish Union Fire Insurance Society established its office in Lagos followed by the establishment of Tobacco Insurance Company Limited and the Legal and General Assurance Society Ltd. Following this development, more insurance companies were established in the country. The promulgation of the 1968 companies Act also facilitated the establishment of more insurance companies in the country. The foregoing, coupled with increase in the level of economic activity in the country, occasioned by the oil boom of the 1970s and 1980s, catalysed in increase in the demand for insurance services in line with the pace of socio-economic and industrial development. As a veritable tool for social, economic and technological development of any nation, its services cuts across all spheres of human endeavours, such that no sustainable development can take place in the absence of a vibrant insurance industry. Regrettably, however in spite of the over eighty (80) years of existence in Nigeria, statistics show that insurance is yet to be embraced as a way of life in the country (Nwanna - Nzewunwa & Osaat, 2019). While we lament the near hopeless state of insurance, we are quick to add that there are numerous factors responsible for this, as highlighted below:

1. High level of illiteracy/low level of awareness.
2. Cultural and religious factors.
3. Harsh economic environment/high level of poverty.
4. Poor underwriting and management of insurance companies.
5. Low capitalization and inadequate working capital.
6. Poor image of the industry.
7. Lack of innovation in product development.
8. Inefficient supervision by the government, e.t.c.

With all these attendant militating factors, it becomes obvious why Nigeria ranks behind even in African (Ani, 2017).

Nigerian Insurance Market: Organizational Set-up

A. Controlling Authority

The controlling authority is the Insurance Department of the Federal Ministry of Finance and the office of the Director of Insurance. The Insurance Department

is responsible for the control of the activities of Insurance Companies so as to ensure compliance with the provisions of the Nigerian Insurance Decree and other relevant legislation and regulations touching upon the business of insurance in the country. The Insurance Department of the Federal Ministry of Finance is assisted in its responsibility in this regard by the Nigeria Reinsurance Corporation and the National Insurance Corporation of Nigeria. These three institutions ensure that Government policies in the field of insurance are complied with by the Nigeria Insurance Market.

B. Federal Government Corporations:

Nigeria Reinsurance Corporation is established under the Federal Government Decrees No. 49 of 1977 to transact the business of Reinsurance within and outside Nigeria. National Insurance Corporation of Nigeria is established under the Federal Government Decree No. 22 of 1969 to transact the business of Insurance in Nigeria.

C. Intermediaries

The main intermediaries and distributors of insurance business in Nigeria today are agents and brokers.

Agents: There are two categories of agents. Full-time agents are employed on full-time basis by the various insurance companies and remunerated either by way of salary or commission or in some cases salaries and commission. Part time agents include bank managers, accountants, solicitors, estate agents, garage proprietors and travel agents. These are appointed mainly on the grounds that, by the nature of their profession, they are in a position to attract the attention of prospective policy holders to insurance companies. They are usually remunerated by way of commission. Some companies allow proposers of insurance to act as their own agent in introducing their own insurance. This is the fact that agents are now required to be registered in accordance with the provisions of the insurance Decree.

Brokers: Although there is a statutory distinction between an agent and a broker as reflected in the mode of registration as contained in the Insurance Decree, the generally accepted distinction between an agent and a broker is also applicable to the Nigerian Insurance Market. Here an agent by law, is a person who has been employed to perform an act or act on behalf of his principals within specified guidelines. For the purpose of simplification, the broker on the other hand, is an "Independent Operator" not in any one's direct deployment. He merely sets himself to the task of bringing parties to an insurance transaction together. Traditional, when this is done the broker's responsibility comes to an end. The broker conducts his business with all and sundry. He does not represent or endeavour to obtain business for one office or groups of offices to the exclusion of others as explained in the Nigerian Insurance Digest (Ani, 2017).

Indigenous Participation in Insurance Business

Until the time of independence in 1960, there were virtually no wholly indigenous insurance companies in the country. Prior to the incorporation of the first set of indigenous insurance companies, insurance business in the country had been underwritten by offices which were primarily branch offices of European Insurance Companies with their Headquarters based in Europe. With independence and the consequent economic involvement of Nigerians in all aspects of the nation's economic life, there emerged a few indigenous insurance companies. Between the years 1960 and 1975, a large number of indigenous Nigerian Insurance companies commenced operations and these companies now underwrite a substantial volume of the total insurance business in the country.

At present, the leading indigenous direct insurance companies in the country is the National Insurance Corporation of Nigeria (NICON) which is fully owned by the Federal Government of Nigeria and which underwrites at least 20% of the total insurance business in the country (NIYB, 2016).

Government Interest and Participation in Insurance in Nigeria

One of the most interesting developments in recent years in the African Insurance Scene is the growing interest and participation of most African government in the business of insurance and reinsurance. In the past, most governments in Africa showed no interest whatsoever in the business of insurance and that probably accounted for the slow development of the industry. With the realization, in recent years, by various African governments of the economic and social values of insurance, and the important part that the business can play in national development there was a change of attitude and most African governments started showing keen interest in insurance. As regards reinsurance, the need to conserve foreign exchange also played a part in government awareness and interest in reinsurance. The position today is that practically every African country has an indigenous insurance company and, in some cases, a national reinsurance company. Nigeria is one of those African Countries that have both a national insurance company and a national reinsurance corporation (Nzutta, 2019).

The Structure of Insurance Industry in Nigeria

Bearing the objectives of this study in mind, it is pertinent to look at the structure from the

developmental point of view. Therefore, it is going to be considered from these perspectives namely.

1. The structure by organizational set-up. They have several implications on the structure and growth of the insurance industry.
2. The structure by ownership, number and type.

Organizational structure

The insurance industries generally have the following divisions in the organizational set up.

A. The administrative division
B. Technical division and
C. The Finance division

Administrative Division: is always saddled with the responsibilities of maintaining the administrative and personnel records and interpreting the policy of the company as to the generality of the staff as well as the unions. It also creates a link between the management and the staff and ensures that the policy decision of the board is implemented. Finally, it serves the various meetings of the board.

Finance Division: ensures the safe-keeping of the financial records of company and complies with the stipulations in the various departments, the establishing the company on submission of accounts to the appropriate authority.

Technical Division: implements the various policies underwritten by the company as well as canvass for business and designs policies for purpose of insurance cover. It protects business and holds consultations with brokers and agents who offer supportive services to the company. Below is an organizational set-up of insurance companies depicted in a diagram form (Inyang, 2019)

THEORETICAL FRAMEWORK

Subrogation Theory

The word Subrogation is derived from a Latin word, "subrogare" which means to "choose as a substitute" or "ask in place of another." According to Black's Law Dictionary, Subrogation is the principle under which an insurer that has paid a loss under an insurance policy is entitled to all the rights and remedies belonging to the insured against a third party with respect to any loss covered by the policy (Eghwubare, 2017). Basically, subrogation is a remedy established by the English Court of Chancery to prevent unjust enrichment by allowing one party to step into the shoes of another party and assume the benefit of any rights that such a party may have in respect of liability; and this can arise in different situations, the principle of subrogation was analyzed as: "to be applied merely for the purpose of preventing the assured from obtaining more than a full indemnity, the question is whether that doctrine as applied to insurance can in any way be limited (Eghwubare, 2017). In order to apply the doctrine of subrogation, it seems to me that the full and absolute meaning of the word must be used. That is to say the insurer must be placed in the position of the Assured …as between the underwriter and the Assured, the underwriter is entitled to every right of the Assured whether such right consists in contract fulfilled or unfulfilled or in remedy for tort capable of being insisted on or already insisted on or in any other right whether by way of condition or otherwise legal or equitable"

Circumstances Where Subrogation Rights May Arise: Subrogation typically arises in three-party situations. The circumstances in which subrogation will be available are open-ended and vary from jurisdiction to jurisdiction. However, some common situations where subrogation rights would arise are as follows: Indemnity insurance; Surety or Guarantor's Subrogation Rights; Subrogation Rights against Trustees; Lender's Subrogation Rights; Indemnity Insurance (Eghwubare, 2017).

The right to subrogation arises only after the insurer has indemnified the insured against his loss. The right of subrogation does not arise until the insurance has admitted its liability to the assured and has paid him the amount of loss. Where the insured has already recovered payment from the third party and is also indemnified by the insurer for the same loss, the insurer is entitled to recover from the insured what he received from the third party. insured who recovers money in an action for a loss for which he has already been indemnified by the insurers holds the money in trust for the insurers. The insurer's subrogation right is however restricted to the amount actually paid to the insured, where for instance there happens to be a surplus after the insurers have recovered their money, the insured is entitled to keep it. The insurer's right of subrogation accrues only when the insured has a right of action.

EMPIRICAL REVIEW

Mitchell and Steven (2018) developed a Paper on "The theory of insurance", which is considered here when an insured individual may be able to sue another party for the losses that the insured suffered—and thus when an insured has a potential source of compensation in addition to insurance coverage. Insurance policies reflect this possibility through so-called subrogation provisions that give insurers the right to step into the shoes of insureds and to bring suits against injurers. In a basic case, the optimal subrogation provisions involve full retention by the insurer of the proceeds from a successful suit and the pursuit of all positive expected value suits.

This eliminates litigation risks for insureds and results in lower premiums— financed by the litigation income of insurers, including from suits that insureds would not otherwise have brought. Moreover, optimal subrogation provisions are characterized in the presence of moral hazard, administrative costs, and non-monetary losses and it is demonstrated that optimal provisions entail sharing litigation proceeds with insureds in the first two cases but not when losses are non-monetary.

Peter and Kjell (2016) studied The Relationship of Insurance and Economic Growth – A Theoretical and Empirical Analysis. They noted that the role of the insurance sector and links into other financial sectors have grown into importance. While there is a plethora of research on the causal relationship between bank lending and economic growth and capital markets and economic growth, the insurance sector has not received ample attention in this respect. This gap was filled by reviewing theory and empirical evidence and identify channels of influence. A cross-country panel data analysis using annual insurance premium data from 29 European countries over the 1992 to 2004 period was used, and it was discovered that there is a weak evidence for a growth supporting role of life insurance.

Jordan and Stopanska (2011) examined the impact of insurance and economic growth, with empirical analysis for the Republic of Macedonia. Multiple regression was applied, along with control for other relevant determinants of economic growth. The analysis used data for the period 1995 - 2010. In order to solve the model in the analysis, the technique of least squares was used, followed by analysis of variability in order to identify the effects of each variable. Insurance development is measured by insurance penetration (insurance premiums in percentage of GDP). Three different insurance variables - life insurance, non-life insurance and total insurance penetration, were used. According to their findings, insurance sector development positively and significantly affects economic growth. The results are confirmed in terms of non-life insurance, and, total insurance, while the results showed that life insurance negatively affect economic growth.

METHODOLOGY

This research made use of the Quasi Experimental Research Design for the study, since the various elements of the study design are not under the control of the researcher as explained in Baridam (2001). Ten selected insurance companies in Nigeria were chosen and the cross-sectional survey method was employed. Questionnaires, personal interview and survey of existing documents were used in the collection of data. The statistical tool employed in testing the postulated hypotheses in this study is the Analysis of Variance (ANOVA). It was used to determine whether mean scores on one or more factors differ significantly from each other. The F-Test was employed to prove any mean differences, The ANOVA formula, highlighted below, was adopted in this study:

Step 1: Find the sum of the squared deviation of each of the grand mean. This is the total sum of squares and is found by using the following formula.

$$SSto = \frac{Ex-(2x)}{N}$$

Step 2: Find the sum squared deviations of the group means from the grand mean. This is given as:

$$SStot = \frac{(Ex_1)^2}{n} + \frac{(Ex_2)^2}{n} + \frac{(Ex_2)^2}{n} + \ldots - \frac{(Ex)^2}{n}$$

Step 3: Find the sum of squared deviations of each individual score from its own group mean. This is called the sum of squares within groups and is found by using the following formula:

$$SSw = Ex_1^2 - \frac{(Ex_1)^2}{n1} + Ex_2^2 - \frac{(Ex_2)^2}{n2} + (Ex_3)^2 - \frac{(Ex_3)^2}{n3}$$

OR

$$SSw = SSto - SSb$$

Step 4: Find the degree of freedom for between groups and within group respectively which is

df = G-1, where G is number of groups.

dfw = n1 – 1 + n2 – 1 + n3 - 1

dfot = N-1

Step 5: Find the between groups means square MS, and the within groups means square MS. This is given as

$$MSb = \frac{SSb}{dfb}$$

$$MSw = \frac{SSw}{dfw}$$

Step 6: Calculate the F-ratio. The formula is

$$\frac{MSb}{MSw}$$

DATA PRESENTATION

Hypothesis 1:

There is no significant difference between the trends in the structure of the insurance companies and the industry's growth in Nigeria

Table 1: Computation of the difference between the trend in the structure of the insurance companies and the industry's growth in Nigeria

Years	GROUP 1 Wholly foreign		Group 2 Joint		Group 3 Foreign	
10	X_1	X_1^2	X_2	X_2^2	X^3	X_3^2
	76.4	5837.0	23.6	557.0	42.1	1772.4
	66.6	4435.6	33.4	1115.6	35.4	1253.2
Total	Ex1 = 813.7	Ex12 = 6770 0.2	Ex2 = 186.3	Ex22 = 4960.2	Ex3 = 113.3	Ex32 = 3315.1
	X1 = 81.37		X2 = 18.63		X3=11.33	

Source:

i.e $\frac{(x1+x2+X3)}{3} = \frac{111.33}{3} = 37.11$

Step 1: $SSto = Ex2 - \frac{(Ex)2}{N}$

SSto=75975.5 - $\frac{(111.3)2}{30}$ = 75975.5-41314.6 = 34660.9

Step 2 $SSb = \frac{(Ex1)^2}{n} + \frac{(Ex2)^2}{n} + \frac{(Ex3)^2}{n} \ldots \frac{(Ex)^2}{n}$

$= \frac{(813.7)^2}{10} + \frac{(186.3)^2}{10} + \frac{(113.3)^2}{10} - \frac{(1113.3)^2}{30}$

= 66210.8 +3470.8+1283.7-41314.6

= 52297.6 – 33340.0

SSb = 29650.7

Step 3: SSw = Ssto – SSb

= 3466.9-29650.7

SSw = 5010.2

Step 4: Dfb = N – 1 = 3 – 1 = 2

Dfw = 10 – 1 + 10 – 1 + 10 – 1 = 27

Dftot = 30 – 1 = 29

Step 5: $\frac{MSb}{Dfd} = \frac{SSb}{} \quad \frac{29650.7}{2} = 14825$

$\frac{MSw}{Dfw} = \frac{SSw}{} \quad \frac{5010.2}{27} = 185.6$

Calculate F-ratio

F-ratio $= \frac{MS_b}{MS_w} = \frac{14825}{185.6} = 79.9$

Result of the computation of the differences between the trend in the structure of Insurance Company and the Industry's growth in Nigeria.

Source of variation	SS	Df	MS	F-ratio	Level of significance
Between groups	29650.7	2	14825	79.9	0.05
within group	5010.2	27	185.6		
Total	34660.9	29			

F - Ratio Table value with 27 and 2 degrees of freedom at 0.05 level of significance is 3.39

Decision: Since calculated F - ratio value (119.6) is greater than the table F ratio value of (3.39), we reject the null hypothesis that there is no significant difference between the trend in the structure of insurance companies and the industry's growth in Nigeria, and accept the alternative hypothesis that there is a significant relationship among the measures of the three groups.

Hypothesis 2:

There is no significant difference between the structure and growth of the insurance company's and the industry's development in Nigeria.

YEARS	GROUP 1 Life		Group 2 Non-Life		Group 3 mixed	
10yrs	X_1	X_1^2	X_2	X_2^2	X^3	X_3^2
	21.99	483.7	31	961	58.1	3375,6
	58.44	3415.3	62.97	3965	67.47	4552.20
Total	152	3899.6	192	4926	309	7927.8

Step 1: $SStot = Ex^2 - \frac{(Ex)^2}{N}$

$SSt_0 = 16753 - \frac{(653)^2}{30} = 16753 - 14213.6 = 2593.4$

Step 2 $SSb = \frac{(Ex1)^2}{n} + \frac{(Ex2)^2}{n} + \frac{(Ex3)^2}{n} \ldots \frac{(Ex)^2}{n}$

$= \frac{(152)^2}{10} + \frac{(192)^2}{10} + \frac{(309)^2}{10} - \frac{(653)^2}{30}$

$= 35.7 + 40221.0 + 12040.9 - 33340.0$

$= 52297.6 - 33340.0$

$SSb = 18957$

Step 3: $SSw = Ssto - SSb$

$= 26172.8 - 18957.6$

$SSw = 7215.2$

Step 4: $Dfb = N - 1 = 3 - 1 = 2$

$Dfw = 10 - 1 + 10 - 1 + 10 - 1 = 27$

$Dftot = 30 - 1 = 29$

Step 5: $MSb = \frac{SSb}{Dfd} = \frac{18957.6}{2} = 9478.8$

$MSw = \frac{SSw}{Dfw} = \frac{7215.2}{27} = 267.2$

Calculate F-ratio

$\text{F-ratio} = \frac{MS_b}{MS_w} = \frac{9478.8}{267.2} = 35.5$

Result of the significant difference between the structure and growth of insurance companies and the industry's development in Nigeria. (%) Nm

Source of variation	SS	Df	MS	F-ratio	Level of significance
Between groups	22.7	2	11.4	0.30	0.05
within group	1033.3	27	38.3		
Total	1056.0	29			

F-ratio table value with 27 and 2 degrees of freedom at 0.05 level of significance is 3.39

Decision: Since the calculated value of F - ratio is (35.5), which is greater than the table F-ratio at (3.39), we reject the null hypothesis which states that there is no significant difference between structure and growth of Insurance Companies and the industry's development in Nigeria. The primary data was analysed using the Simple Percentage and ANOVA (Analysis of Variance) from the secondary data. The result shows that there is a positive and significant difference between the trend in the structure of insurance companies and the industries growth in Nigeria. There also exists significant difference between the structure and growth of Insurance Companies and the industry's development in Nigeria.

DISCUSSION OF FINDINGS

The study thoroughly examined the imperative of insurance's companies on the industry's development in Nigeria; and it revealed that the insurance industry is a notable non-banking institution which not only partakes on the shouldering of risks for both groups, individuals and corporate bodies, but which also mobilizes resources from the surplus sectors (via premium) to the deficit sectors, in the form of investments. The test of hypothesis one revealed that there exists a positive and significant difference between the trend in the structure of insurance companies and the industry's growth in Nigeria, which is as a result of the increase in both the indigenous as well as the joint venture companies. From the computation of hypothesis two, results indicated that there also exists a significant difference between the structure and growth of insurance companies and the industry's development in Nigeria. It is evidence from the study that the Insurance Industry, as a responsible corporate body, has contributed immensely in ensuring the achievements to the citizenry and in economic development of the country. However, in the course of this study, it has been discovered that the insurance industry encounters some difficulties in Nigeria in as much as there is an improvement in the structure and growth of the industry.

The following recommendations are made:

1. Government should review existing laws bordering on the industry. This will enhance the performance on the entire sectors of the economy.
2. There is need for Joint Venture in Insurance, hence it is recommended that the way insurance industry can grow and expand in structure is through joint venture with foreign firms. This will equally enable them have contact offices abroad where they will be part owners of business earning income abroad to settle foreign currency requirement, as well as enhancing economic development of the country.

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